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SUBJECT Soviet Spies

DAN RATHER: Soviet espionage efforts in another country, Indonesia, have been thwarted. That government said today it has expelled a Soviet diplomat and arrested a Soviet airline executive for spying.

Infiltration by the KGB also has been uncovered in this country, among other places in the General Accounting Office, the congressional watchdog agency.

Mike Wallace, in a follow-up to his report Friday, has more.

MIKE WALLACE: Mr. Sharer, just what is it that you charge has taken place at the General Accounting Office?

RALPH SHARER: It's a Soviet penetration of the GAO.

WALLACE: In 1979, Ralph Sharer was an investigator for the GAO. That May his superiors asked him to look into the activities of a Soviet intelligence agent who had been requesting a large number of GAO reports dealing with defense issues of an extraordinarily sensitive nature.

The name of the Soviet agent?

SHARER: Vladimir Kvasov.

WALLACE: Vladimir Kvasov, a Soviet naval attache, was, in fact, a KGB agent, who has since returned to the Soviet Union. Copies of his request forms reveal Kvasov asked for almost 150 GAO reports, 26 of which were classified, and at least five of which Sharer says the GAO gave to Kvasov. What were those five secret

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reports? "Marine Amphibious Forces: A Look at Their Readiness, Role and Mission"; "Improving Warship Survivability, a Billion Dollar Problem"; "The Navy's Strategic Submarine Communications System"; "Readiness of U. S. Air Forces in Europe"; "Fleet Support Provided by the Navy's Shore Installation in the Western Pacific and Indian Oceans."

And how did Kvasov obtain those secret reports?

Just as I did, Kvasov entered the GAO, signed in and identified himself as V. Kvasov, Soviet Embassy. Then he went to the Document Distribution Center and requested the reports he wanted by number.

How did he know what to ask for? How did he know what documents, what numbers if some of them were unpublished?

SHARER: Obviously Vladimir Kvasov had a source within GAO. In the more classic terminology, there was a mole, Mike.

WALLACE: Why was Sharer so sure there was a paid agent, a mole inside GAO?

On April 29th, 1979, the GAO distributed a report on the EF-111 warplane and its tactical jamming system, a report so secret it was available only to those with a national security clearance.

SHARER: So here was Vladimir Kvasov coming in the front door with the internal draft report number of a classified report dealing with the EF-111B tactical jamming system, a report that had not been sent anywhere in the federal government for report comment.

WALLACE: Sharer and an FBI agent investigated for the GAO. We wanted to talk to the FBI about this, but they declined. The GAO wouldn't talk to us either. But Charles Bowsher, its Controller-General, did write a letter to several inquiring members of Congress insisting the GAO had not been penetrated by a Soviet agent, that no classified documents were given to Kvasov and that the FBI concurred in those findings. But that hardly squares with an investigation undertaken by Senator Orrin Hatch, whose staff did interview that FBI agent who worked with Ralph Sharer.

Do you believe that there was, and still may be, a Soviet mole inside the GAO?

SENATOR ORRIN HATCH: That's right. At least one FBI agent confirms that and believes that is so as much as we do.

If they have lax security procedures so that a Russian naval attache, a Soviet agent, a KGB agent, if you will, can walk

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in off the street and can request classified material, then goes away for a while within the same building, then comes back and gives actual serial numbers, if that doesn't tell you that there's something wrong there, then I don't know what will.

WALLACE: Senator William Roth is calling for a Senate Intelligence Committee investigation of the GAO affair.

SENATOR WILLIAM ROTH: Well, there was a very lengthy period before we became involved in it.

WALLACE: You mean it was over a couple of years.

SENATOR ROTH: That's correct.

It's absolutely imperative that this committee, Government Affairs Committee, of which I'm chairman, and that the Intelligence Committee, which has responsibility for intelligence, be advised promptly whether there's any problem in this area.

WALLACE: You know, of course, that the GAO raises questions about your credibility, Mr. Sharer. Some say that you tend to exaggerate; some say that you tend to see spies under the bed.

SHARER: If I were these same GAO officials who had failed to provide adequate security for some of this nation's most sensitive weapons systems, Mike, and I had a young GS-13 counterintelligence officer who demonstrated that not only did GAO lack appropriate security, but, in fact, had sustained a Soviet penetration, to preserve bureaucratic sanctity, I would probably do the same thing. And I think this is what this is all about. Isn't it?

WALLACE: What you're suggesting is that they're covering their own error by....

SHARER: Absolutely.

WALLACE: ...taking out after Ralph Sharer?

SHARER: Absolutely.

WALLACE: As we reported last Friday, the FBI has reopened its investigation of the matter. But they say it may take some weeks before they can come up with solid answers about this episode at the GAO.

Mike Wallace, CBS News, New York.